Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 852 - Local Arts and Culture Funding Act (LSB 1182 HZ)
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Fiscal Note Version - New
Requested by Representative Willard Jenkins

Description

House File 852 relates to the donation of a portion of an estate to a qualified entity. The Bill would allow a credit against any inheritance tax due, up to a total of 10.0% of inheritance tax owed. Qualified entities include:

- The Department of Cultural Affairs
- The Iowa Cultural Trust
- The Vision Iowa Fund
- The Community Attraction and Tourism Fund
- An organization exempt from federal taxes under federal Internal Revenue Code Section 501(c). The exempt organization's major activity must be capital investment, programming, including education, performance, and access, in arts and culture.

The donation must be used within the State. The Bill is effective July 1, 2005.

Assumptions

1. Iowa receives approximately $62.0 million in inheritance tax proceeds each year.
2. When fully mature, the Inheritance Tax Donation Program will divert 5.0% of inheritance tax proceeds from the General Fund.
3. The revenue reduction will first impact FY 2006 and will reach maturity by FY 2012.

Fiscal Impact

The inheritance tax credit in House File 852 will reduce net General Fund revenue by the following estimated amounts:

- FY 2006: $ 93,000
- FY 2007: $ 620,000
- FY 2008: $1,240,000
- FY 2009: $1,705,000
- FY 2010: $2,170,000
- FY 2011: $2,635,000
- FY 2012: $3,100,000

Sources

Department of Revenue
Legislative Services Agency Analysis

/s/ Holly M. Lyons

April 14, 2005